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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING
whether there has been a violation
of the Securities Act of Washington by:

WOODSTOCK SECURITIES, LTD, RODNEY
(ROD) ALAIN, and CAROL LAWSON,

Respondents.

SDO - 84 - 00

CONSENT ORDER

Case No: 00 - 07 - 276

THE STATE OF WASHINGTON TO: Woodstock Securities, Ltd.
Rodney (Rod) Alain
Carol Lawson

Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division of the Department of Financial Institutions, State of Washington, and Respondents, Woodstock Securities, Ltd., Rodney (Rod) Alain, and Carol Lawson, do hereby enter into this Consent Order in settlement of the matters alleged herein. Respondents admit to the Findings of Fact and Conclusions of Law stated below. Respondents wish to obtain final disposition of this matter without invoking any rights to a hearing.

**FINDINGS OF FACT
I. BACKGROUND**

1. Woodstock Securities Ltd. (Woodstock) was incorporated September 5, 1997 in Calgary, Alberta, Canada, and is an active for-profit corporation. Woodstock was authorized to do business in Washington on May 31, 2000. Rodney Alain is the sole Officer and Director of Woodstock. In Washington, Woodstock's principal place of business is located at 14727 123rd Avenue SE, Yelm. In Canada, Woodstock's principal place of business is located at 39 Cumberland Drive NW, Calgary, Alberta.

2. World Water Solutions, Inc. (WWS) is an active for-profit Washington corporation authorized to do business on May 16, 2000. WWS is in the formation stage as a company, and intends to produce,

1 distribute, and sell specialized water and related products. The firm's principal place of business is 14727
2 123rd Avenue SE, Yelm.

3 3. Rodney (Rod) Alain (Alain) is a Canadian citizen. He is the sole Officer and Director of
4 Woodstock. In Canada Alain is believed to reside at 39 Cumberland Drive NW, Calgary, Alberta. Alain
5 has no residence in the United States.

6 4. Carol Lawson (Lawson) is a believed to be a Canadian citizen.

7 **II. OFFER AND SALE OF SECURITIES**

8 5. In the spring of 2000 Woodstock, Alain, and Lawson started raising funds for WWS through the
9 issuance of promissory notes by Woodstock. The offers were made through word-of-mouth advertising
10 and through seminars held in Yelm. Between April 27 and August 15, 2000, more than \$400,000 was
11 raised from the sale of notes to more than 300 Washington investors. Between February 2 and August 9,
12 2000, close to \$100,000 was raised from the sale of notes to out-of-state investors. The notes offered an
13 interest rate of twelve percent (12%) per annum until paid, and were due to be paid by Woodstock no later
14 than December 31, 2000.

15 6. Potential investors were told that WWS would distribute specialized water and related products,
16 and that the company was planning on building a production and distribution plant in Yelm. Money from
17 investors was going to be used to set up a business plan, company website, purchase high-tech alternative
18 systems beneficial to the environment, and to take the company public.

19 7. Investors were told that WWS was hoping to get listed on a stock exchange in the very near future.
20 Investors were told that they would either be repaid by Woodstock by December 31, 2000, or if shares of
21 WWS were registered and being traded, that they would have the opportunity to convert their investment
22 to share of WWS at the rate of fifty cents (\$0.50) per share.
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1 8. Investors were instructed to write checks made payable to Woodstock. In return Woodstock gave
2 investors promissory notes for the amount of their investment. While the promissory note makes no
3 mention of WWS or the stock purchase, and refers to the investors as "lenders," investors were told that
4 they were purchasing shares of WWS. Investors did not receive any written offering materials describing
5 the risks associated with the investment from Respondents.

6 **III. REFUNDS AND ALAIN'S ENFORCEMENT HISTORY**

7 9. A prospective investor from Yelm did some investigating prior to making her investment. She
8 discovered that Woodstock was not registered to offer securities in either Canada or the State of
9 Washington, that Alain had a history of violations at the Alberta Securities Commission. She decided not
10 to invest in the opportunity.

11 10. Word spread among a closely associated group of investors. More than 25 of those investors
12 sought refunds from Woodstock, which made refunds totaling more than \$43,000 to the investors.

13 11. Alain has been the subject of two enforcement orders issued by the Alberta Securities Commission
14 (the Commission). In 1996 the Commission investigated Alain and Bellringer Resources Ltd. for failure
15 to file reports of trades between December 31, 1993 and April 12, 1995. Alain was also investigated for
16 failing to file insider trade reports for July and August 1994. On February 12, 1996, the Commission
17 ordered Alain to comply with the Alberta Securities Act and imposed investigative costs of \$2,500.

18 12. In 1998 the Commission investigated Alain for the sale of approximately \$2 million in unregistered
19 securities to 32 investors. The sales were made under an exemption from registration and disclosure that
20 was available if the sales were made to "close friends or business associates." An investigation by the
21 Commission revealed that the sales had not been made to "close friends or business associates," and that
22 the use of the exemption was unlawful. On September 10, 1998, the Commission ordered Alain to resign
23 from any positions he held as an Officer or Director of an issuer; prohibited him from acting as an Officer
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1 or Director of a reporting company for 6 months; ordered him to cease trading in securities for three
2 months; and imposed administrative and investigative costs against him of \$3,000.

3 **IV. REGISTRATION**

4 13. Woodstock Securities Ltd. is not registered as a securities broker/dealer in Washington State.

5 14. Neither Alain nor Lawson is registered as securities salespersons in Washington State.

6 **CONCLUSIONS OF LAW**

7 Based upon the foregoing Findings of Fact, the following Conclusions of Law are made:

8 **I. Securities**

9 The offer and/or sale of Woodstock promissory notes as described above constitutes the offer
10 and/or sale of a security as defined in RCW 21.20.005(10) and (12).

11 **II. Violation of RCW 21.20.140**

12 The offer and/or sale of securities by Respondents as described above violated RCW 21.20.140
13 because the offers and/or sales were not registered.

14 **III. Violation of RCW 21.20.040**

15 The offer and/or sale of securities by Woodstock violated RCW 21.20.040 because Woodstock was
16 not registered as a securities broker/dealer in Washington. The offer and/or sale of securities by Alain
17 and Lawson violated RCW 21.20.040 because they were not registered as securities salespersons in
18 Washington.

19 **IV. Violation of RCW 21.20.010**

20 Respondents have each violated RCW 21.20.010(2) in connection with the offer and/or sale of
21 securities by misrepresenting facts and omitting facts necessary in order to make their statements, in light
22 of the circumstances in which they were made, not misleading.
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ORDER AND CONSENT

The Securities Division and Respondents Woodstock Securities Ltd., Rodney (Rod) Alain, and Carol Lawson have agreed upon a basis for resolution of the matters alleged above. Respondents agree to the entry of this Consent Order pursuant to the Securities Act of Washington. Respondents acknowledge the Securities Division’s jurisdiction over this matter and its authority to enter this order.

Based upon the foregoing:

IT IS AGREED AND ORDERED that Respondents Woodstock Securities Ltd., Rodney (Rod) Alain and Carol Lawson, and their agents, employees, affiliates, and successors, shall each cease and desist from offering and/or selling unregistered securities in violation of RCW 21.20.140, the registration section of the Securities Act of Washington.

IT IS ALSO AGREED AND ORDERED that Respondents Woodstock Securities Ltd., Rodney (Rod) Alain and Carol Lawson, and their agents, employees, affiliates, and successors, shall each cease and desist from offering and/or selling securities in any manner in violation of RCW 21.20.040, the securities broker/dealer and salesperson registration section of the Securities Act of Washington.

IT IS ALSO AGREED AND ORDERED that Respondents Woodstock Securities Ltd., Rodney (Rod) Alain and Carol Lawson, and their agents, employees, affiliates, and successors, shall each cease and desist from offering and/or selling securities in any manner in violation of RCW 21.20.010, the anti-fraud section of the Securities Act of Washington.

It is further AGREED that Respondents shall be jointly and severally liable for and shall pay the Securities Division the amount of Two Thousand Dollars (\$2,000.00) for reimbursement of its costs of the

1 investigation into this matter. Said payment is to be made to the Division prior to the entry of this Order.

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3 **AGREED ORDER CONCERNING FINES**

4 It is further AGREED that pursuant to RCW 21.20.395, Respondents Woodstock Securities, Ltd. and
5 Rodney (Rod) Alain shall be jointly and severally liable for and shall pay the Securities Division a fine of
6 \$4,000. The fine is based on the knowing or reckless violation of the Washington State Securities Act. Said
7 fine is to be paid to the Division prior to the entry of this Order.

8
9 It is further AGREED that pursuant to RCW 21.20.395, Respondent Carol Lawson shall be liable for
10 a fine of \$2,000. The fine is based on the knowing or reckless violation of the Securities Act. Said fine is
11 suspended based on compliance with this Order. In the event of a violation of this Order by Carol Lawson,
12 the Securities Division will issue a Summary Order providing notice and opportunity for hearing to
13 Respondent. The Summary Order will, in addition to other relief available under the Securities Act, seek to
14 recover the suspended fine of \$2,000.
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17 **AGREED ORDER CONCERNING AFFIRMATIVE RELIEF**

18 It is further AGREED that pursuant to RCW 21.20.390, Respondents shall be jointly and severally
19 liable to provide full refunds to all Woodstock Securities/WWS investors. Refunds must be mailed, along
20 with a copy of the final Order entered in this case, within 30 days of the entry of a final order in this case. A
21 cover letter authorized by the Division must accompany the refunds. Proof of mailing must be provided to
22 the Division within 45 days.
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24 It is further AGREED that in consideration of the foregoing, Respondents each waive their right to
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1 a hearing on this matter and to judicial review of this Order under RCW 21.20.440.

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3 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

4 SIGNED this _____ day of _____, 2001.

5
6 Signed by:

7 _____
8 **Rodney (Rod) Alain**, Individually and as
9 President and Sole Director of Woodstock
Securities, Ltd.

_____ **James L. Vandenberg. Esq.**
Ogden Murphy Wallace, PLLC
Attorney for Respondents

10 _____
11 **Carol Lawson**, Individually

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13 ENTERED this 29TH day of March, 2001.

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16 _____
17 DEBORAH R. BORTNER
18 Securities Administrator

19 Approved by:

Presented by:

20 _____
21 Michael E. Stevenson
22 Chief of Enforcement

_____ **Anthony W. Carter**
23 Securities Examiner